



July 29, 2020

The Honorable Marvin Abney  
Chair, House Committee on Finance  
Rhode Island State House  
Providence, RI 02903

**Re: Support for Amendment to Budget Article 5 (H7171)**

Dear Chairman Abney and Members of the House Committee on Finance:

The Housing Network of Rhode Island (HNRI) is writing today in **strong support of the proposed amendment to Budget Article 5 (Question 3a)**. The revised Budget Article proposal would provide a much needed \$65 million to increase construction and redevelopment of affordable homes, and support important community revitalization efforts in communities across Rhode Island.

The Housing Network of Rhode Island is the State's membership association of 13 nonprofit community development agencies across Rhode Island. From Washington County to Woonsocket, our members have created more than 10,000 affordable homes. Our members are leaders within the communities they serve and have contributed to economic development, revitalization efforts, and the creation of healthy and vibrant neighborhoods in cities and towns throughout Rhode Island. **The membership of HNRI is responsible for nearly 70% of the production and preservation of affordable homes made possible by funding from the 2006, 2012, and 2016 affordable housing bonds.**

HNRI proudly represents nonprofit community development organizations who contribute to the sustainability of our local and regional economy. **We also serve as the backbone organization for Homes RI, a coalition of organizations working together to increase and preserve the supply of safe, healthy and affordable homes throughout Rhode Island.** We provide staffing, fiscal management, and serve as the organizational "home" for this collaborative effort that has engaged close to 70 organizations and over 200 individuals.

In Rhode Island, housing costs have risen while inflation-adjusted wages of workers have remained mostly stagnant. When wages do not grow over time, it becomes difficult for people to get ahead and has rippling economic effects.

To put this into context, the price of a median single-family home in Rhode Island is currently \$270,000. This is a 22% increase from single-family home prices in 2013. To afford to purchase this home and the monthly housing payments, a household needs to have an annual income of \$82,514. Looking more closely at home prices across communities, Rhode Islanders earning less than \$70,000 annually are shut out of the homeownership opportunities in 35 out of our 39 cities and towns.<sup>1</sup> Fifty-seven percent (57%) of Rhode Island

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<sup>1</sup> 2018 Housing Factbook, HousingWorks RI at RWU

households earn less than \$75,000 a year.<sup>2</sup> In other words, for more than half of Rhode Island households, a modest single-family home is out of reach in 90% of our communities.

The cost burden is similarly stark when looking at rent and utility costs. The 2018 average rent and utility costs for a two-bedroom apartment was \$1,621. The annual income needed to afford this is \$64,840. This amount is above Rhode Island's median household income and more than twice Rhode Island's median renter household income (\$32,043), and nearly three times the annual income of a full-time minimum wage worker currently earning \$10.50/hour (approximately \$21,838).

This misalignment between wages and housing costs is a significant contributing factor to our state's current housing challenges. Additionally, Rhode Island has a history of chronically underinvesting in the production and preservation of safe, healthy, and affordable homes. Residential building permits have decreased over the last 20 years; in fact, annual permits dropped by half between 2005 and 2018. An estimated 500 plus homes are lost each year to demolition or deterioration. In New England, we remain: 1) the only state without a dedicated funding stream for housing production, 2) the state with the lowest per capita investment in housing, and 3) the state with the lowest rental vacancy rate at 3.1 percent.

Lastly, we are not building diverse types of residences to meet changing demographic needs, such as our growing elder population, young workers, families, or homes for seniors and people with disabilities that require accessible accommodations so the available housing stock is very limited for households with special needs.

Across our small state, we have seen the economic devastation wrought by COVID-19, with the impact most acute in low-income communities of color. Hispanic/Latinx and Black Rhode Islanders have experienced illness and unemployment at higher rates than their white peers. This is a result of economic exclusion borne by decades of discrimination, with housing at the crux. Investing in affordable homes not only makes sense for our state's economic recovery, but it is an important strategy to advance racial and health equity.

**Rhode Island desperately needs aggressively increase its investments in the creation and preservation of safe, healthy and affordable homes for Rhode Islanders.** Years of underinvesting have left us far behind our New England neighbors, who have recognized that housing is a critical economic development issue and an important social determinant of health and community wellbeing.

**We believe that Rhode Island can and should be a state where all residents are able to live in safe, healthy and affordable homes in thriving communities, and reiterate our support for Amended Budget Article 5 (3a)**

We appreciate that housing has emerged as a priority this session and thank the Committee and Legislature for their careful attention to these proposals that have the potential to positively impact Rhode Islanders and their ability to be stably housed.

I am more than happy to answer any questions and can be reached at [mlodge@housingnetworkri.org](mailto:mlodge@housingnetworkri.org) or 401) 721-5680 x 36.

Sincerely,



Melina Lodge  
Executive Director, Housing Network of Rhode Island

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<sup>2</sup> 2018 American Community Survey, U.S. Census Bureau